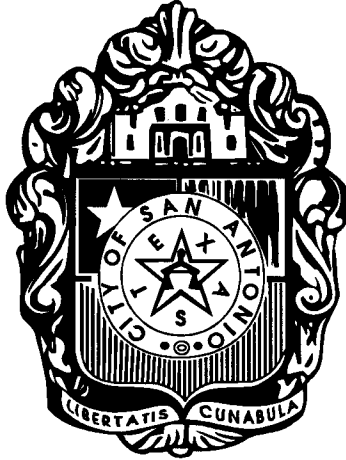


CITY OF SAN ANTONIO, TEXAS

Department of Finance



REQUEST FOR PROPOSAL

**To Provide GASB Statement No. 34 Implementation Assistance
and Independent Audit Services**

To The City of San Antonio

August 2001

An electronic version of this document is available at <http://www.ci.sat.tx.us/rfp>

CITY OF SAN ANTONIO, TEXAS

Request For Proposal To Provide GASB Statement No. 34 Implementation Assistance and Independent Audit Services

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CITY OF SAN ANTONIO, TEXAS

Request For Proposal

To Provide GASB Statement No. 34 Implementation Assistance and Independent Audit Services

INTRODUCTION

The City of San Antonio, Texas (the "City") is soliciting proposals from certified public accounting firms to provide independent audit services to include audits of the City's fiscal years ending September 30, 2002, 2003, 2004, 2005 and 2006 and other services as listed herein for a five year period. The Charter of the City of San Antonio and Chapter 103 of the Texas Local Government Code require that an annual audit of the City's financial records and accounts be performed by an independent certified public accountant. In addition, as the City receives financial assistance in the form of Federal and State Grants, Single Audit Reports are required in compliance with the Single Audit Act Amendments of 1996, and the U. S. Office of Management and Budget Circular A-133 and the State of Texas Single Audit Circular. Beginning with fiscal year ending September 30, 2002, the City will be required to implement GASB Statement No. 34, *(GASB 34) Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. As such, the City is also requesting assistance with the implementation of this new GASB pronouncement and related GASB Statements, which establishes financial reporting standards for state and local governments. This pronouncement will implement the most significant change in the history of state and local government financial reporting.

This Request for Proposal (RFP) represents a competitive process for independent certified public accountants to provide the above referenced annual audits, GASB Statement No. 34 implementation assistance, and other services. This competitive process should not be confused with competitive sealed bidding where goods and services can be precisely described and price is generally the determining factor. This RFP will allow the City to select and award a contract to a CPA firm(s) on the basis of demonstrated competence and qualifications to perform the services described herein and the flexibility to negotiate a fair and reasonable price for those services.

While the City has historically utilized a joint venture for performance of annual audit services, separate proposals from each individual firm will be required to be submitted. This process will enable the City to evaluate each firm based on its individual merit, consider the terms and conditions for the performance of audit services, and select the firm(s) offering a proposal(s) deemed most advantageous to the City based on its/their demonstrated competence and qualifications. The City reserves the right to select more than one firm to provide these services and in said event will require that the selected firms form a joint venture to provide the services. Final selection is subject to City Council action and approval.

BACKGROUND AND REPORTING

The City of San Antonio was incorporated in 1837 and chartered in 1951. It has a Council-Manager form of government with ten Council members and a Mayor, each serving two-year terms, limited to two consecutive terms. The City's population is estimated at approximately 1,212,500, and is ranked as the ninth largest city in the United States.

Reporting Entity

As a municipal government, the City (primary government for purposes of Governmental Accounting Standards Board Statement No. 14), provides a vast array of services. These services include providing public safety through police, fire, and emergency medical services protection; housing by way of urban

redevelopment; maintenance and construction of streets, highways, drainage, and sanitation systems; and health, welfare, art, cultural, and recreational services as well as participating in economic development programs and promoting convention and tourism. These services are funded from various sources including primarily ad valorem, hotel/motel, and sales tax receipts, revenues from municipally owned utilities, grants, user fees, and bond proceeds. Their related activity and balances are reported in the City's Governmental type funds.

The City also operates activities, which are financed and operated in a manner similar to private business enterprises where the City's intent is that the cost of providing these goods or services to the general public on a continuing basis is to be financed or recovered primarily through user fees. These operations include the Aviation, Parking, Golf Course, and Environmental Services. Activities and balances related to these operations are reported in the City's Enterprise Funds.

Activities and balances related to the financing of goods or services provided by one City department or agency to other departments or agencies of the City, or to other governmental units on a cost reimbursement basis are accounted for in the City's Internal Service Funds. The City accounts for activity and balances related to automotive maintenance, equipment renewal and replacement, central stores, temporary services, building maintenance, data processing, programming, communications, and self-insurance programs in its Internal Service Funds.

The City maintains Trust and Agency Funds to account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City also maintains the following self-balancing groups of accounts: General Fixed Assets Account Group which is used to account for assets used in governmental fund type operations and the General Long-Term Debt Account Group which is used to account for long-term liabilities expected to be financed from governmental funds.

In addition to the aforementioned activities, the financial reporting entity, as defined by GASB Statement No. 14, includes blended and discretely presented component units. Blended component units are legally separate organizations for which the City is financially accountable. Discretely presented component units are legally separate organizations by which the nature and significance of their relationship with the City is such that exclusion from the reporting entity's financial statements would be misleading or incomplete. As of September 30, 2000, four blended component units and seven discretely presented component units were included in the reporting entity. On an annual basis, the City re-evaluates the "reporting entity" to ensure that all component units have been properly included or excluded from the reporting entity based on the criteria established by GASB Statement No. 14. The blended and discretely presented component units are included based on information obtained from their separately issued audited financial reports. These component units and those which may be included in the future based on GASB Statement No. 14 are included within the scope of work to be performed under the Contract but limited only to their respective incorporation into the City's Comprehensive Annual Financial Report.

Annual Reports

On an annual basis, the City publishes a Comprehensive Annual Financial Report (CAFR) and Financial and Compliance Reports on Federal and State Grants (Single Audit Reports). Staff of the Department of Finance is responsible for the preparation of these annual reports and coordination of the City's annual audits. The CAFR reports the City's financial position, results of operations, and the liquidity of its various funds and account groups and is submitted to rating agencies, document repositories, bondholders, and is also available to the general public. The City also submits the CAFR to the Government Finance Officers Association (GFOA) for participation in their Certificate of Achievement for Excellence in Financial Reporting Program, an award that the City has received for the past twenty-four (24) consecutive years

(fiscal years 1976 -1999). A copy of the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000 is enclosed for your information.

Staff of the Department of Finance prepares the Single Audit Reports with assistance from the Office of Internal Review. The Office of Internal Review is responsible for the identification and review of all audit reports issued by Federal and State Agencies on grant programs and the resolution of all findings and questioned costs noted therein. The Single Audit Reports are submitted to the City's respective Federal and State Cognizant Audit Agencies and the respective Federal and State Agencies from which the City received grant funding during the fiscal year. Copies of the Single Audit Reports for the fiscal year ended September 30, 2000 are enclosed for your information. In addition, the CAFR and Federal and State Single Audit Reports are available on the City of San Antonio website at <http://www.ci.sat.tx.us/rfp>.

Accounting System/Software Utilized in Financial Reporting

The City's computerized accounting system, the Financial Accounting Management Information System (FAMIS), is a mainframe system which is based on the single transaction concept of processing, whereby all relevant files and reports are updated from a single input of information. The system provides general and subsidiary accounting for all funds; appropriation accounting for budgeted items; expenditure control; departmental cost and operating accounting; function and program accounting; project cost accounting; an integrated treasury function for pooled cash management, and the production of various monthly and annual standardized reports. In addition, since its installation, the City has made numerous modifications to the system to meet demands and requirements.

For word processing and spreadsheet applications related to financial reporting, the City utilizes Microsoft Office Products, Word and Excel. The City's Comprehensive Annual Financial Report and Single Audit Reports are prepared utilizing this software. Microsoft Word is utilized for the word processing requirements of the documents such as the transmittal letter and notes to the financial statements and Microsoft Excel is utilized for the preparation of the financial statements and financial schedules.

The City of San Antonio has recently awarded a consulting contract to assist in the definition of an Enterprise Resource Management System (ERMS) application needs and overall project scope. These services will consist of business process identification and documentation for a fully integrated software application that provides financial, grants, tax, revenue, cash, and treasury management. Additional components will include human resources, benefits administration, payroll, time and attendance, budget formulation and execution, purchasing, inventory, fixed assets, vehicle maintenance and fleet management, tracking program/project management, and development services. The use of customer relationship software will also be considered in order to better service the needs of the City's and customers and constituent support activities which will include Internet, call center and customer services.

The following is a brief timeline established for the ERMS Project:

June 2001 through October 2001– Phase I Needs Assessment and Scope Definition

- Project management and planning
- Development of needs assessment
- Process assessment activities and procurement strategy
- Technology strategy
- Customer relationship management strategy
- Business Case

October 2001 through July 2002– Phase II Selection

- Software and hardware selection process
- Software demonstrations
- Model office demonstrations

July 2002 through April 2005– Implementation

- Development services on-line (October 2002)
- Customer Relationship Management service on-line (April 2003)
- Core Enterprise services on-line and will include financials, purchasing, inventory, project accounting, contract accounting and treasury management services (October 2003)
- Human Resources, payroll, time and attendance, benefits and administration on-line (December 2003)
- Budget on-line (April 2004)
- Other services on-line (January 2005)

SCOPE OF SERVICES

Independent Audit Services

The Charter of the City of San Antonio and Chapter 103 of the Texas Local Government Code require that an annual audit of the City's financial records and accounts be performed by an independent certified public accountant who is licensed in the State of Texas. In addition, as the City receives financial assistance in the form of Federal and State Grants, Financial and Compliance Reports on Federal and State Grants (Single Audit Reports) are also required.

The required annual audit is to be performed in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants, Government Auditing Standards issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, State of Texas Single Audit Circular and any other authoritative pronouncements which may be deemed applicable. These standards require that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit will include examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. It will also include a review of the system of internal controls and tests of transactions to the extent necessary. The objective of the audit will be an expression of an opinion of which the wording of the opinion will be dependent on the facts and circumstances at the date of the reports. However, if the resulting opinion is other than "unqualified," the reasons will be required to be fully disclosed.

GASB 34 Implementation Assistance

The City of San Antonio will be required to implement GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" and any related statements on October 1, 2001. The City has performed an analysis of the pronouncement and has developed a task statement and timeline for its implementation. The Finance Department staff is analyzing the City's current financial reporting model and comparing that to the GASB's new requirements. Each key task to be accomplished will be documented and compiled in written form for review, concurrence,

and acceptance by selected audit firm(s). Examples of items the audit firm(s) will be required to review include, but are not limited to, the classification of program revenue versus general revenues; accounting estimates, such as those for compensated absences and asset depreciation lives; and proper classification of current funds (enterprise versus special revenue, etc.). In addition, the audit firm(s) will be required to review policies and procedures that are currently being developed such as the City's fixed assets and accounts receivable policies. The audit firm(s) will assist the City in identifying issues relating to the retroactive infrastructure reporting. However, the infrastructure assistance required will not extend to inventory and valuation services. Firm(s) selected shall also be required to recommend any additional key tasks or policies that should be addressed to achieve proper implementation for GASB Statement No. 34.

During the City's review and analysis of GASB Statement No. 34 requirements, questions may arise that require technical interpretation and implementation assistance. These questions will be submitted to the audit firm(s) in writing for evaluation. Upon acceptance and concurrence by the audit firm(s) of the City's task statement and methodology, the Finance Department will restate the fiscal year 2000 CAFR in order to conform to the GASB Statement No. 34 requirements. The restated CAFR (the "mock CAFR") will consist of government-wide statements, fund statements, management discussion and analysis, footnotes to the financial statements, and required supplementary information that is required under GASB Statement No. 34 and related statements. The firm(s) will be required to review the financial statement presentation, footnotes to the financial statements, required supplementary information, and management discussion and analysis to ensure that financial reports adhere to GASB standards. Any changes suggested in order to ensure compliance will be submitted to the City in writing. The "mock CAFR" will be used as a model for the future year's CAFRs.

Independence

In the performance of these audit services, the selected firm(s) must comply with the independence standards and all other standards promulgated by the American Institute of Certified Public Accountants and any other standards promulgated by any other authoritative body, as applicable to the performance of independent audit services. The selected firm(s) will also be required to comply with all applicable federal, state and local laws, rules and regulations, including, but not limited to the Single Audit Act Amendments of 1996, OMB Circular A-133, State of Texas Single Audit Circular, Chapter 103 of the Texas Local Government Code, and Section 107 of the San Antonio Charter.

Staff Role/Audit Assistance

During the audit process, staff of the Finance Department will be responsible for the preparation of the aforementioned annual reports including the financial statements, related note disclosure, schedules of federal and state financial assistance, other required information/schedules, and supporting work papers. In addition, City staff will prepare any additional schedules deemed necessary by the selected firm(s). With regard to new accounting standards or pronouncements required to be implemented, City staff will prepare an initial analysis of the impact to the City to include a proposed implementation plan, if applicable. The implementation of these new standards or pronouncements will be coordinated with the selected firm(s).

Historically, the Office of Internal Review has provided hours of audit assistance to the selected firm(s) during the audit process. The Office of Internal Review anticipates providing hours of audit assistance during the term of the Contract based on some negotiated level. Respondents should provide a proposed fee based on each of the levels of audit assistance to be provided by the Office of Internal Review identified in the Section of this RFP labeled "Proposal Content," Number 8.

The Finance Department will be responsible for the coordination and implementation of GASB Statement No. 34. Staff of the Department of Finance will restate the Comprehensive Annual Financial Report for the fiscal year ended September 30, 2000 in the GASB Statement No. 34 format for review by the selected audit firm(s). A timeline for GASB Statement No. 34 has been established which details the City's plan and methodology for implementation. City staff will prepare any additional information, schedules, or supporting work papers in support of audit review and GASB Statement No. 34 implementation.

Continuing Professional Education Training

Within the scope of the Contract, the City has also utilized its outside auditors to provide training on mutually agreed upon topics, to its professional accounting staff as this process has proven much more cost effective. On an annual basis during the term of the Contract, the firm(s) will be required to provide 24 hours of continuing professional education training to the City's professional accounting and internal audit staff. These services will be considered a part of the fee structure for the independent audit.

Other Services

During the term of the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract, the City may utilize the firm(s) for guidance on tax, compliance, other non-audit consultation matters, or other services which may be required for a City bond offering. In addition, at its discretion, the City may request the firm(s) provide assistance with the preparation of aspects of the annual report or the analysis of new accounting standards or pronouncements.

As previously described, special attention to the implementation assistance of GASB Statement No. 34 and the review of fiscal year 2000 CAFR should be noted. With the exception of the requested GASB Statement No. 34 services, where we are requesting a separate rate structure, these services would be on an as requested basis by the City and fees for such services will be based on established hourly rates.

The City may also periodically require services to assist in the resolution of audit findings and questioned costs reported to Federal and State Agencies. These services will be under the direction of the City's Office of Internal Review and in the past audit resolution has included such tasks as 1) independent audits of nutrition sites, and 2) plausible arguments defending sampling proposals techniques. Firm(s) should specify billing rates for advisory/consultant services and delineate the firm(s)' experience in audit resolution of Federal and State audit findings and questioned costs.

Quality Control Reviews

On an annual basis, the City receives financial assistance in the form of Federal and State grants and as such, Federal and State agencies may conduct a Quality Control Review of the City's annual audit. In accordance with guidance provided in the President's Council on Integrity & Efficiency (PCIE) Position Statement No. 6, time expended by outside independent auditors with Federal agencies during a Quality Control Review is not expected to be charged to Federal awards. A Quality Control Review is viewed to be similar in nature to other quality control mechanisms such as training, auditor policies and procedures, and peer reviews. Therefore, the City will not reimburse the selected firm(s) for charges associated with Quality Control Reviews conducted by Federal agencies.

INFORMATION RELEVANT TO THE SUBMISSION OF A PROPOSAL

Submission of Proposal:

An original and fifteen (15) signed copies of a "Proposal to Provide GASB Statement No. 34 Implementation Assistance and Independent Audit Services" must be received at the Office of the City Clerk, City Hall, 100 Military Plaza, San Antonio, Texas 78205 not later than 4:00 p. m. San Antonio, Texas time, on Friday, September 7, 2001. All copies and the original must be signed (in ink) by one or more company officials authorized to obligate and bind their firm to all aspects of the submitted proposal. Any proposal received after 4:00 p.m. on such date will not be accepted or considered and will be returned unopened. All proposals must be delivered in a sealed package and must be plainly marked "Proposal to Provide GASB Statement No. 34 Implementation Assistance and Independent Audit Services," Attn: Mr. Milo Nitschke, Acting Director of Finance.

Response Format:

Respondents that wish to submit a proposal must also provide the information as requested in the section of this RFP labeled "Proposal Content." Failure to provide information as requested in this RFP may result in a proposal being deemed nonresponsive and rejected from further consideration.

Contact Persons:

The City's authorized contact persons throughout the RFP process are shown in the table below. All questions concerning this RFP must be submitted in writing, on firm letterhead via FAX transmission or other delivery method of written material and is limited to the individuals shown below. It is the respondent's responsibility to ensure that all questions concerning this RFP are submitted to the City no later than 4:00 p.m. on Friday, August 17, 2001 to allow sufficient time for the City to respond. Contact with persons, other than those shown, could result in the disqualification of a proposal submitted. In fairness to all respondents, the City staff will not meet in person with anyone representing a potential provider of audit services during the RFP process. This does not include meetings required to conduct business not related to the RFP, or possible personal presentations after written proposals have been received and evaluated.

The City reserves the right to contact any firm for purposes of proposal clarification or other discussion as deemed necessary after proposal responses have been opened.

Contact Person	Position	Telephone	FAX
Milo Nitschke	Acting Director of Finance City of San Antonio	(210)207-8620	(210)207-4072
Ben Gorzell Jr.	Assistant Director of Finance City of San Antonio	(210)207-8620	(210)207-4072
Troy Elliott	Controller City of San Antonio	(210)207-8620	(210)207-4072
David Griffith	Director of Internal Review City of San Antonio	(210)207-8420	(210)207-4246

Personal Presentation:

The week of September 17 through September 21, the City may elect to interview, in person, all or certain respondents that have submitted a proposal. Notification of such meeting will be made by the

Acting Director of Finance or his designee in a timely manner to allow sufficient time for respondents to prepare for a personal presentation.

City's Right to Reject Proposals:

The City reserves the right to reject any and all proposals, cancel the entire RFP, and/or issue a subsequent RFP. In addition, the City reserves the right to re-advertise for the services listed herein if all proposals are rejected. The City retains the right to select all or part of the services proposed to be provided by respondents to this RFP and reserves the right to negotiate with one, or more than one firm(s) for the services to be provided.

Public Information:

Respondents are advised that all proposals shall become City property at the time of submission and the information contained in the proposals could be made available to the public upon request under the Texas Open Records Act.

No Cost Reimbursement:

The issuance and release of this RFP does not commit the City to enter into a contract, nor does it obligate the City to pay any costs incurred or associated with the preparation and/or submission of proposals, nor costs associated in anticipation of a contract award.

Execution of Contract:

The respondent(s) selected to provide the services as described herein, by submission of a proposal, shall be expected to execute the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract substantially in the form provided in Attachment III prior to any formal action by the City. In the event the selected respondent(s) cannot or will not execute the attached GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract, the City reserves the right to, at its sole discretion, award the Contract to the respondent(s) it deems to have the next most advantageous proposal(s). If respondent has any questions regarding said contract (Attachment III), those questions shall be presented or identified through the respondent's proposal.

Audit Completion:

The GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract will contain a provision that the City's Comprehensive Annual Financial Report inclusive of any and all GASB Statement No. 34 requirements for presentation and compliance, will be completed and available for distribution within approximately 120 days of the City's fiscal year end of September 30, 2002. In addition, the Contract will also require that the "Management Letter" and "Single Audit Reports" be completed and available for distribution within a reasonable period of time after completion of the Comprehensive Annual Financial Report.

Term of the Audit Services Contract:

The Contract, once awarded, will be for a period of five years and will include the audits of the City's records and accounts for the fiscal years ending September 30, 2002, 2003, 2004, 2005, and 2006 and other services as listed herein. The term of the Contract is also subject to and contingent upon an annual appropriation of funds by the City Council of the City of San Antonio.

Conflict of Interest:

The City of San Antonio City Charter prohibits contracts between the City and any local public official, such as a City officer or employee, and that this prohibition extends to an officer and employee of City agencies such as City-owned utilities and City boards or commissions and to contracts involving a business entity in which the official has a substantial interest as defined by Texas law, if it is reasonably foreseeable that an action on the matter would confer an economic benefit on the business entity. As such, respondents certify that neither it, its individual officers, employees or agents, nor any person having a substantial interest, as defined by Texas law, in this contract or the financial affairs of the City government is an officer or employee of the City or any of its agencies.

Independent Contractor:

It is expressly understood and agreed that the selected firm(s) will provide services as an independent contractor, responsible for its respective acts or omissions, and that the City shall in no way be responsible therefore; and that neither party has the authority to bind the other or to hold out to third parties that it has the authority to bind the other.

Non-Assignment of Contract:

The firm(s), once selected, shall not assign the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract or subcontract any of the work or services as described within the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract without the prior written consent of the Director of Finance of the City of San Antonio or his designee. The selected firm(s) shall not delegate any portion of its performance under the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract without the written consent of the Director of Finance. Failure of the selected firm(s) to obtain such written consent to the assignment of or the delegation of any portion of performance of the GASB Statement No. 34 Implementation Assistance and Independent Audit Services shall be an event of default, and the City, at its sole discretion, may immediately terminate the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract.

Venue:

The Respondent understands and agrees that any suit brought in connection with the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract must be heard and determined in the City of San Antonio, County of Bexar, Texas.

Termination:

If the firm(s) neglects or fails to perform or observe any terms, conditions, covenants, or guarantees of the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract or violates any rule, regulation or law to which the firm(s) are bound, the City may terminate the GASB Statement No. 34 Implementation Assistance and Independent Audit Services Contract. The City will provide the firm(s) written notice of termination or probationary status. Upon written notification, the City will allow the firm(s) ten (10) days to remedy or cure the noted deficiencies. If the noted deficiencies are not remedied within the allotted time and to the satisfaction of the City, the City may proceed with the termination of the GASB 34 Implementation Assistance and Independent Audit Services Contract.

Upon a decision by the City to terminate the GASB 34 Implementation Assistance and Independent Audit Services Contract, the City will provide written notice to the firm(s) of its intent to terminate the Contract. The written notice will specify the effective date of termination and describe the extent to which performance of work under the Contract is terminated. Upon receipt of the notice of termination, the firm(s) will at the City's option make accessible all finished and/or unfinished documents, data, charts, schedules, or other appended documentation, with the exception of preliminary scratch or sketch documentation. Within thirty (30) days of the effective date of termination, the firm(s) will be required to submit a claim which details fees owed by the City for services performed under the Contract. This claim shall include fees for work performed through the effective date of termination and any necessary and proper work performed to close out the audit project, provided that such payment does not exceed the maximum amount under the terms of the Contract.

In addition, termination may also arise as a result of the City giving at least thirty (30) days written notice prior to the effective date of termination as stated in an executed agreement. The City shall also have the right to terminate the executed agreement or any portion, thereof, for convenience upon thirty (30) days notice. If the City elects to terminate for convenience as described, the City shall pay firm(s) for services rendered up to and including date of termination.

Small Business Economic Development Advocacy (SBEDA) Requirements (Attachment I):

It is the CITY's policy to involve qualified small and local business enterprises to the greatest extent feasible in the CITY's professional services and other discretionary contracts. Pursuant to Ordinance 69403, the City of San Antonio, its employees, contractors and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, age, or handicap in the award and performance of contracts. Violation of the ordinance is a criminal offense and subject to penalty. A copy of the City's SBEDA Policy Requirement is attached hereto as Attachment I. Refer to Attachment I, complete any applicable parts, and submit as part of your proposal.

In addition, Professional services provided to the City require a "Good Faith Effort Plan," outlining efforts to comply with City's SBEDA Policy. All firms submitting a response must complete and return with responses a "Good Faith Effort Plan SBEDA Form 117C," included in Attachment I.

Minority and Women Business Enterprise Certification:

In order to be considered a Minority and/or Women owned business, certification MUST be granted from the South Central Texas Regional Certification Agency. Please include certification of Minority and/or Women-Owned Business Enterprise, if applicable. For additional information concerning qualifications and certification, contact the South Central Texas Regional Certification Agency at (210) 227-4722 or visit their website at www.sctrca.org.

Ethics Ordinance (Attachment II):

On May 24, 2001, the City Council of the City of San Antonio revised the Ethics Ordinance. Among other things, it requires that before certain contracts can be considered by the City Council, certain information must be obtained about the proposed contractor. Please complete the attached City of San Antonio Discretionary Contracts Disclosure Form and submit with your response.

Insurance Requirements:

Prior to the commencement of any work under the GASB Statement No. 34 Implementation Assistance and Audit Services Contract, the selected firm(s) shall furnish a completed Certificate of Insurance to the Risk Management Division of the City Attorney's Office, P. O. Box 839966, San Antonio, Texas 78283-3966, Attn: Risk Manager, which shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits, and termination provisions shown thereon, and which shall furnish and contain all required information referenced or indicated thereon. The original Certificate must have the agent's original signature, including the signer's company affiliation, title and telephone number. The City shall have no duty to pay or perform under the GASB Statement No. 34 Implementation Assistance and Audit Services Contract until such certificate has been delivered to the Risk Management Division, and no officer or employee other than the City's Risk Manager shall have authority to waive this requirement. A copy of said certificate of insurance shall also be delivered to the Finance Department, Attention: Milo Nitschke, Acting Director of Finance, City of San Antonio, P. O. Box 839966, San Antonio, Texas 78283-3966.

The City reserves the right to review the insurance requirements as identified herein during the effective period of the GASB Statement No. 34 Implementation Assistance and Audit Services Contract, and to modify insurance coverage and limits when deemed necessary and prudent by the City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding the GASB Statement No. 34 Implementation Assistance and Audit Services Contract. In no instance will the City allow modification whereupon the City may incur increased risk.

A firm(s) financial integrity is of interest to the City. Therefore, subject to firm(s) right to maintain reasonable deductibles in such amounts as are approved by the City, the firm(s) shall obtain and maintain in full force and effect for the duration of this contract, at the firm(s) sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and rated A- or better by A.M. Best Company and/or otherwise acceptable to the City, in the following types and amounts:

<u>TYPE</u>	<u>AMOUNT</u>
Business Automobile Liability	Combined Single Limit of \$1,000,000 per Occurrence
Owned/leased vehicles	
Non-owned vehicles	
Hired vehicles	
Commercial General (Public) Liability Insurance to include coverage for the following:	
Contractual Liability	Bodily injury and property damage of
Premises/Operations	\$1,000,000 per occurrence with a
Personal/Advertising	\$2,000,000 general aggregate or its
Injury Liability	equivalent in umbrella or excess
Products/Completed	liability coverage.
Operations	
Independent Contractors	

Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory
Employer's Liability	\$1,000,000/\$1,000,000/\$1,000,000
Professional Liability (Claims made form)	\$1,000,000.00 per claim to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission in professional services.

The City shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by the City, and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Contractor shall be required to comply with any such requests and shall submit a copy of the replacement certificate of insurance to City at the address provided in Section below herein within 30 days of the requested change. Contractor shall pay any costs incurred resulting from said changes.

The firm(s) agree that with respect to the above required insurance, all insurance Contracts and Certificate(s) of Insurance will contain the following required provisions.

- Name the City and its officers, employees, volunteers and elected representatives as additional insured, as respects operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the Workers' Compensation and Professional Liability policies;
- Workers' Compensation and Employer's Liability Policies will provide a waiver of subrogation in favor of the City.

When there is a cancellation, non-renewal or material change in coverage which is not made pursuant to a request by City, the firm(s) shall notify the City of such and shall give such notices not less than thirty (30) days prior to the change, if the firm(s) knows of said change in advance or thirty (30) days notice, if the firm(s) did not know of the change in advance. Such notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to the City at the following addresses:

**City of San Antonio
Finance Department
Attn: Milo Nitschke, Acting Finance Director
P.O. Box 839966
San Antonio, Texas 78283-3966**

AND

**City of San Antonio
City Clerk's Office
P.O. Box 839966
San Antonio, Texas 78283-3966**

If firm(s) fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, the City may obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the agreement; however, procuring of said insurance by the City is an alternative to the other remedies the City may have, and is not the exclusive remedy for failure of firm(s) to maintain said insurance or secure such endorsement(s). In addition to any other remedies the City may have upon firm(s) failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to order

firm(s) to stop work hereunder, and/or withhold any payment(s) which become due to firm(s) hereunder until firm(s) demonstrates compliance with the requirements hereof.

Nothing herein shall be construed as limiting in any way the extent to which firm(s) may be held responsible for payments of damages to persons or property resulting from firm(s) or its subcontractors performance of the work covered under this agreement.

It is agreed that firm(s) insurance shall be deemed primary with respect to any insurance or self-insurance carried by the City of San Antonio for liability arising out of operations under this contract.

Evaluation Criteria

Firm(s) will be evaluated by a committee of City staff and Council members. Evaluation criteria will include, but will not be limited to a firm(s) experience, qualifications of staff, quality of written proposal, costs for services as outlined in this RFP, and SBEDA status.

INDEMNITY PROVISIONS

The FIRM(S) covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS the CITY and the elected officials, employees, officers, directors, volunteers, and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to the FIRM(S) activities under this CONTRACT, including any acts or omissions of the FIRM(S), any agent, officer, director, representative, employee, consultant or subcontractor of the FIRM(S), and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this CONTRACT, all without however, waiving any governmental immunity available to the CITY under Texas Law and without waiving any defenses of the parties under Texas Law*. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTINS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF THE CITY, UNDER THIS CONTRACT. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. FIRM(S) shall advise the CITY in writing within twenty-four (24) hours of any claim or demand against the CITY or the FIRM(S) known to the FIRM(S) related to or arising out of the FIRM(S) activities under this CONTRACT and shall see to the investigation and defense of such claim or demand at the FIRM(S) cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving the FIRM(S) of any of its obligations under this paragraph.

It is the EXPRESS INTENT of the parties to this CONTRACT, that the INDEMNITY provided for in this section is an INDEMNITY extended by the FIRM(S) to INDEMNIFY, PROTECT and HOLD HARMLESS, the CITY from the consequences of the CITY'S OWN NEGLIGENCE, provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENCE ACT of the CITY is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of the CITY is the sole cause of the resultant injury, death, or damage. The FIRM (S) further AGREES TO DEFEND, AT ITS OWN

EXPENSE, and ON BEHALF OF THE CITY AND IN THE NAME OF THE CITY, any claim or litigation brought against the CITY and its elected officials, employees, officers, directors, volunteers, and representatives, in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

PROPOSAL CONTENT

The questions, which follow, request information that the Audit Review and Evaluation Committee will utilize to evaluate proposals to provide GASB Statement No. 34 implementation assistance and independent audit services. Each question should be specifically addressed. Utilization of existing brochures, pamphlets and informational items is an acceptable form of response to a question only if such material specifically addresses the question and does not require interpretation or evaluation to form a conclusion. Failure to respond to a question may result in a proposal being deemed non-responsive and therefore not considered for award. Responses should correspond to the following number format:

1. Name and address of the Respondent firm and brief description of its history.
2. Provide staffing and affirmative action information as follows:
 - A. Name, title, years of experience, brief resumes, licenses and certifications, and office locations of those professionals that would be assigned to the City's account. Include the primary contact person during the RFP process, mailing address, telephone, FAX numbers and email addresses.
 - B. Provide a copy of your firm's affirmative action policy. Include a summary listing of professionals employed by your firm, segregated by categories utilized in standard affirmative action reporting.
3. Provide information on the firm's experience in the field of governmental accounting and auditing, to include familiarity with procedures for the issuance and refunding of municipal bonds, and knowledge of related financial disclosures.
4. Provide information on the firm's experience in providing GASB Statement No. 34 implementation or assistance to other governmental entities.
5. Briefly describe the firm's training/development program for your professional staff and how the firm ensures that professional staff are informed of new accounting and auditing standards as well as other issues which may affect governmental accounting and auditing.
6. Describe your firm's experience with methods and procedures for auditing automated mainframe accounting systems and records and software conversions.
7. If your firm cannot provide 100% of the services as specified within this RFP, please provide an estimate of the percentage of services to be provided including a supporting detailed description of the scope of duties, responsibilities, and associated fee structure.
8. Provide two separate proposed fee schedules based on the following levels of audit assistance to be provided by the Office of Internal Review: 0 hours; and 1,500 hours. Each of the proposed fee schedules should be clearly labeled as follows: "Option A) –0- Hours of Audit Assistance"; and "Option B) 1,500 Hours of Audit Assistance." Each of the options should include a detailed description of the estimated hours for your firm to perform the services, an estimate of total cost per

year for the five year term of the contract. A work plan and estimated budget for each phase of the plan should also be included. In addition, any other options utilizing additional hours of audit assistance by the Office of Internal Review greater than the 1,500 hours noted above to generate additional cost savings will be favorably considered and should also be submitted.

9. Provide an additional fee schedule for the GASB Statement No. 34 implementation assistance as previously described.
10. Describe the fee structure for other requested services such as assistance with the preparation of aspects of the annual report, analysis of new accounting standards or pronouncements, tax, compliance, other non-audit consultation matters, other services which may be required for a City bond offering, or services to assist in the resolution of audit findings and questioned costs reported by Federal and State agencies. In addition, please delineate your firm's experience in audit resolution of Federal and State audit findings and questioned costs.
11. Describe the training program which would be utilized to provide the City's professional accounting and internal audit staff with Texas State Board of Public Accountancy certified continuing professional education at a level of 24 hours per fiscal year.
12. Provide references from at least three other governmental type entities in Texas for whom your firm has recently provided audit services. Please include contact names, addresses and telephone numbers.
13. Provide references, if applicable, from other governmental type entities in Texas for whom your firm has recently provided GASB Statement No. 34 implementation assistance. Please include contact names, addresses, and telephone numbers.
14. Complete and submit as part of your proposal any applicable parts of Attachment I, Small Business Economic Development Advocacy (SBEDA) Requirements.
15. Complete and submit as part of your proposal any applicable parts of the Minority and Women Business Enterprise Certification.
16. Complete and submit the Discretionary Contracts Disclosure form included as Attachment II.
17. A statement stating whether you, or any member of your firm, has been involved, directly or indirectly, or currently involved in litigation with or filed a claim against the City of San Antonio within the past five (5) years which details the status or results of such litigation.
18. Please provide any other information that your audit team may deem applicable to the audit services to be provided but that has not been specifically addressed in this RFP.
19. Please provide any information or describe any other resources or tools, such as software, implementation guides, etc., your firm may have available to assist the City with GASB Statement No. 34 implementation and the audit.

Schedule of Events

The table below approximates the dates that the City expects to follow for key events.

RFP made available to prospective firms via City's web site and by mail	August 3, 2001
Deadline for proposals submitted to the Office of the City Clerk	September 7, 2001
Firm(s) presentations, if required	Week of September 17, 2001

ATTACHMENT I

Small Business Economic Development Advocacy (SBEDA) Policy Requirements

Small Business Economic Development Advocacy (SBEDA) Policy Requirements

It is the policy of the City of San Antonio to involve qualified small business and local business enterprises to the greatest extent feasible in the City's professional service and other discretionary contracts. Pursuant to Ordinance #69403, the City of San Antonio, its employees, contractors and subcontractors shall not discriminate on the basis of race, color, religion, national origin, sex, age, or handicap in the award and performance of contracts. Violation of this ordinance is a criminal offense and subject to penalty.

On this contract, the City has established the following contracting goals:

Minority-Owned Business Enterprise (MBE):	32.5%
Women-Owned Business Enterprise (WBE):	13.0%
African-American-Owned Business Enterprise (AABE):	2.3%
Small Business Enterprise (SBE):	45.0%

Please note that a business could be classified in each category and therefore their utilization could be counted in each category of goals. For example, Company X submits proposal as a prime contractor for \$250,000 of services of which \$81,250 is subcontracted to Company Z. Company X retains \$168,750 of the contract. Company X is classified as local SBE, and Company Z is certified as an AABE, WBE, MBE and SBE. Goal compliance will be evaluated as follows:

Contract Amount: \$250,000

MBE =	\$81,250 or 32.5%
WBE =	\$81,250 or 32.5%
AABE =	\$81,250 or 32.5%
SBE =	\$250,000 or 100%

Company Z's \$81,250 subcontract counts towards MBE/WBE/AABE and SBE goals. Company X's \$168,750 balance counts towards the SBE goal. MBEs and WBEs submitting proposals as a prime contractor may count their status as such towards the appropriate goal. However, compliance with other goals (i.e., AABE, SBE etc.) is required.

Proposals shall include a Good Faith Effort Plan (GFEP). The GFEP shall include specific documentation, as outlined in **SBEDA Form 117C. "Good Faith Effort Plan for Subcontractors and Professional Services"** (Attached), that demonstrates a commitment by the proposer, to utilize minority and women business enterprises in a percentage which equals or exceeds the above goals.

A firm may count toward the above goals a portion of the total dollar value of a contract with a joint venture equal to the percentage of MBE, WBE, AABE, or SBE participation in the joint venture. The MBE, WBE, or AABE must be responsible for a clearly defined portion of the work to be performed, equal to a share in the ownership, control, management, responsibility, risks, and profits of the joint-venture.

Submittals shall include **SBEDA Form 101 List of Subcontractors** (Attached) which identifies the particular firms to be utilized in performing the contract, specifying for each the dollar value of the participation, the type of work to be performed, and such information as may reasonably be required to determine the responsiveness of the submittal. Only companies certified as MBE, WBE, or DBE through

the South Central Texas Regional Certification Agency (SCTRCA) can be applied towards the contracting goals. Proof of certification must be submitted utilizing, in part or in whole, a MBE or WBE firm. If not certified, please call SCTRCA at (210) 227-4722. Businesses interested in applying for certification as DBE, MBE, or WBE should submit the **SCTRCA Certification Affidavit (Attached)** to the address located at the bottom of the Affidavit. Businesses interested in being listed in the SCTRCA as a Small Business Enterprise should complete Sections 1 and 3 of the Certification Affidavit and submit the form to the SCTRCA.

LOCAL AND DISADVANTAGED BUSINESS ENTERPRISE PERFORMANCE Contractors will be evaluated based on the level of Local and Disadvantaged Business Enterprise (DBE) Performance. Credit will be given to submittals as follows:

A. Classification of the team or primary submitter as a local business.

For Locally Headquartered Businesses:

Ten percentage (10%) points if the business is headquartered in the corporate limits of the City of San Antonio or the San Antonio Extra-Territorial Jurisdiction (ETJ) for more than one year.

or

Four percentage (4%) points if the business is headquartered in Bexar County for more than one year

For Local Branch Offices:

Six percentage (6%) points for a branch office of a non-headquartered business located within the corporate limits of the City of San Antonio or the San Antonio ETJ for more than one year.

or

Two percentage (2%) points if the branch office is located in Bexar County for more than one year.

In the cases of joint ventures or subcontractor relationships between local and out-of town firms, the submittal will be given credit based on the percentage of local participation.

B. Designation of the team or primary submitter as a DBE.

Five percentage (5%) points for disadvantaged business enterprises.

A business meeting the definition of a DBE shall receive 5 percentage points. In order to receive this designation, a company must be certified as a DBE by the City of San Antonio's SBEDA Office.

In the cases of joint ventures or subcontractor relationships between DBE and non-DBE firms, the submittal will be given credit based on the percentage of DBE participation.

C. Small Business Economic Development Advocacy policy compliance.

Five percentage (5%) points for compliance with the Small Business Economic Development Advocacy policy.

Interested contractors are encouraged to contact the Economic Development Department for pertinent information regarding the City's SBEDA Policy. For information call the SBEDA Office at (210) 207-3900, FAX: (210) 207-3909.

Definitions

- A. **Minority Business Enterprise (MBE):** a sole proprietorship, partnership, or corporation, owned, operated, and controlled by a minority group member(s) who have at least 51% ownership. The minority group member(s) must have operational and managerial control, interest in capital, and earnings commensurate with the percentage of ownership. To qualify as a Minority Business Enterprise, the enterprise shall be headquartered in Bexar County for any length of time, or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, City contracts within the Minority Business Enterprise's category of contracting for at least one year.
- B. **Woman Business Enterprise (WBE):** a sole proprietorship, partnership, or corporation, owned, operated and controlled by women who have 51% ownership. The women must have operational and managerial control, interest in capital, and earnings commensurate with the percentage of woman ownership. To qualify as a Woman Business Enterprise, the enterprise shall be headquartered in Bexar County for any length of time, or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, City contracts within the Woman Business Enterprise's category of contracting for at least one year.
- C. **Minority and Woman Business Enterprise (M/WBE):** a corporation or partnership, owned, operated, and controlled by a minority person(s) and women who, when combined, have 51% ownership. The minority person(s) and women must have operational and managerial control, interest in capital, and earnings commensurate with the percentage of minority and women ownership. To qualify as a minority and women business enterprise, the enterprise shall be headquartered in Bexar County for any length of time, or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, City contracts within the Minority and Woman Business Enterprise's category of contracting for at least one year.
- D. **African-American Business Enterprise (AABE):** a sole proprietorship, partnership, or corporation owned, operated, and controlled by an African American group member(s) who have 51% ownership. The African-American group member(s) must have operational and managerial control, interest in capital, and earnings commensurate with the percentage of ownership. To qualify as an African-American business enterprise, the enterprise must be headquartered in Bexar County for any length of time, or shall be doing business in a locality or localities from which the City regularly solicits, or receives bids on or proposals for, city contracts within the African-American business enterprise's category of contracting for at least one year.
- E. **Small Business Enterprise (SBE):** a corporation, partnership, sole proprietorship or other legal entity for the purpose of making a profit which is independently owned and operated and which meets the U. S. Small Business Administration (SBA) size standard for a small business. All firms meeting these thresholds will be considered a SBE.
- F. **Disadvantaged Business Enterprise (DBE):** a corporation, partnership, sole proprietorship, or other legal entity that qualifies as both an MBE, WBE, or M/WBE and a Small Business Enterprise.

- G. Local Business Enterprise:** a corporation, partnership, sole proprietorship, or other legal entity for the purpose of making a profit, which is primarily located within Bexar County for at least one year. For a branch office of a non-local business to qualify as a Local Business Enterprise, the local branch office must be located in Bexar County for at least one year, and must employ a minimum of 10 residents of Bexar County or employ Bexar County residents for **at least 25 percent** of the entire company workforce for use at the local branch office.
- H. Sole Proprietorship:** a legal entity that is 100 percent owned, operated and controlled by one or more minority group members or women. For M/WBE purposes, minority group members, or women partners must have a proportionate interest in the control, operation, and management of the partnership affairs.
- I. Partnership:** a legal entity where 51 percent of the assets and interest in the partnership is owned by one or more minority group members. For M/WBE purposes, a minority group member or women partners must have a proportionate interest in the control, operation, and management of the partnership &airs.
- J. Joint Venture:** an association that provides for the sharing of economic interest and the equal proportionate control over management, interest in capital, and earnings. The Minority Business Enterprise/Women Business Enterprise joint venture must have a proportionate interest in the control, management, and operation of the affairs of the joint venture.
- K. Minority corporation:** a legal entity where 51 percent of each class of the shares of stock or other equitable securities is owned by minority group member(s). The minority group member(s) must have operational and managerial control, interest in capital, and earnings commensurate with their percentage ownership.
- L. Minority Group Member(s):** African-Americans, Hispanic Americans, Asian Americans, Native Americans and Handicapped Individuals legally residing and are citizens of the United States or its territories.
- M. Subcontract:** an agreement between the contractor and another business entity for the performance of work.
- N. MBE/WBE subcontractor(s):** MBE/WBE having a direct contract with the contractor for the performance of a part of the work at the jobsite.
- O. MBE/WBE supplier(s):** an MBE/WBE that furnishes needed items to the contractor and performs a commercially useful function in the supply process. The supplier must be involved in the manufacture or distribution of the supplies or materials, or otherwise warehouse and ship the supplies.
- P. MBE/WBE manufacturer:** a firm which produces goods from raw materials, or substantially alters or fabricates them for resale, and the MBE/WBE assumes the actual and contractual responsibility for the provision of the materials and supplies.

- Q. "Good Faith Effort":** the measures taken to identify and utilize minority, women-owned, or disadvantaged businesses for subcontracting opportunities as outlined in the U. S. Department of Transportation regulations "Guidelines Concerning Good Faith Efforts" published as Appendix A to 49 CFR sec. 23.45 (1981), and amendments thereto.

GOOD FAITH EFFORT PLAN

SBEDA FORM 117C

NAME OF COMPANY: _____

PROJECT NAME: _____

1. Identify all solicited contractor areas, actual or anticipated. (Use additional sheets as needed).
If M/WBE contracting goal was met, skip to #9.

COMPANY NAME & TRADE AREA	DOLLAR AMOUNT	DBE (Y/N)	D/M/WBE CERTIFICATION NUMBER

2. If M/WBE contracting goal was not achieved in a percentage that equals or exceeds the City's M/WBE goal, please give explanation.

3. List all M/WBE Listing or Directories utilized to solicit participation.

4. List all contractor associations and other business associations solicited for M/WBE referrals.

5. Discuss all efforts aimed at utilizing M/WBEs.

6. Indicate advertisement mediums used for soliciting bids from M/WBEs.

7. List all M/WBE bids received but rejected. (Use additional sheets as needed.)

COMPANY NAME	D/M/WBE CERTIFICATION NUMBER	DBE (Y/N)	REASON FOR REJECTION

8. Please attach a copy of company's M/WBE policy.

9. Name and phone number of person appointed to coordinate and administer the Good Faith Efforts of your company on this project.

10. This Good Faith Effort Plan is subject to the Economic Development Department's approval.

SIGNATURE OF AUTHORIZED OFFICIAL

TITLE OF OFFICIAL

DATE

PHONE

FOR CITY USE

Plan Reviewed By: _____

Recommendation: Approval _____ Denial _____

Action Taken: Approved _____ Denied _____

DIRECTOR OF ECONOMIC DEVELOPMENT

LIST OF SUBCONTRACTORS

The Proposer, _____, as part of the procedure for the submission of proposals on a project known as _____, submits the following list of subcontractors or proposed subcontracting areas (use additional sheets if necessary) to be used in the performance of work to be done on said project.

NAME OF COMPANY & TRADE	D /M/WBE CERTIFICATION NUMBER	DOLLAR AMOUNT

The following section is to be completed if the contract (Project) is for less than \$200,000. Please list subcontracting solicitations to all minority/women contractors for participation on project. If none, explain (exclude successful firms listed above). Use additional sheets if necessary. **The contractor is expected to solicit participation on subcontracts from available M/WBEs under this contract.**

NAME OF COMPANY PERFORMING WORK	D/MWBE CERTIFICATION NUMBER	REASON FOR REJECTION

All minority/women business enterprise subcontractors must submit a SBEDA Form 100 or a copy of certification certificate through the Prime Contractor. It is understood and agreed that, if awarded a contract by the City of San Antonio, the Contractor will not make additions, deletions, or substitutions to this certified list without consent of the Director of the _____ and the Director of Economic Development (through the submittal of SBEDA Form 102, Request for Approval of Change to Original Certified List of Subcontractors).

AFFIRMATION

I HEREBY AFFIRM THAT THE ABOVE INFORMATION IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND BELIEF. I FURTHER UNDERSTAND AND AGREE THAT, IF AWARDED THE CONTRACT, THIS DOCUMENT SHALL BE ATTACHED THERETO AND BECOME A BINDING PART OF THE CONTRACT.

NAME AND TITLE OF AUTHORIZED OFFICIAL: _____

SIGNATURE: _____ DATE: _____

REQUEST FOR APPROVAL OF CHANGE TO ORIGINAL AFFIRMED LIST OF SUBCONTRACTORS/SUPPLIERS

The Contractor, _____, performing work on a project known as _____
_____ requests approval of the following addition(s) and/or deletion(s) on the Certified List of Subcontractors Form
No. 101, as originally submitted as part of the bid on the above named project:

CHANGES

ADD	DELETE	NAME	CITY D /M/WBE CERTIFICATION NUMBER	DOLLAR AMOUNT
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

JUSTIFICATION

AFFIRMATION

*THE ABOVE INFORMATION IS TRUE AND COMPLETE TO THE BEST OF MY KNOWLEDGE AND
BELIEF, I FURTHER UNDERSTAND AND AGREE THAT, THIS DOCUMENT SHALL BE ATTACHED
THERE TO AND BECOME A BINDING PART OF THE CONTRACT.*

Name & Title of Authorized Official: _____

Signature: _____

Approved: _____ Approved: _____
DIRECTOR OF (*Department Name Here*) DIRECTOR OF ECONOMIC DEVELOPMENT



SOUTH CENTRAL TEXAS REGIONAL CERTIFICATION AGENCY

Your unified certification source

Certification Program Intent

Thank you for your interest in becoming certified with the South Central Texas Regional Certification Agency (SCTRCA). Certification with the SCTRCA will allow your company to sell its product or service as an eligible Small, Minority, Women Business Enterprise to public and private member entities or as a Disadvantaged Business Enterprise to Federal Transit or Aviation funded entities participating in the SCTRCA. The SCTRCA is responsible for the certification process for these entities with a role to ensure that only firms meeting the eligibility criteria of the program participate as SBEs, MBEs, WBEs or DBEs.

Certification Program Eligibility

A firm must be independent and for-profit owned by a majority of U.S. Citizens or legally permanent residents. SCTRCA D/M/WBE standards are based on Title 49 CFR, Part 26; in accordance with U.S. Department of Transportation, Federal Transit Administration and Federal Aviation Administration.

SBE Certification- Complete Certification Affidavit Sections 1 and 3

A firm that meets small business size standards as defined in the Small Business Administration (SBA) regulations, 13 CFR Part 121 and has annual average gross receipts or number of employees that do not exceed the cap average specified in 49 CFR Part 26 §26.65.

M/WBE Certification-Complete Certification Affidavit Sections 1, 2, and 3 with supporting documentation

A firm that is at least 51 percent owned and controlled by one or more minority or women individuals. In the case of any publicly owned business, at least 51 percent of the stock must be owned by one or more minority and/or woman individuals, and whose management and daily business operations are controlled as defined herein, by one or more of the minority or women individuals who own it. Minorities include Black, Hispanic, Asian Pacific, Asian Indian, and Native Americans.

DBE Certification- Complete Certification Affidavit Sections 1, 2, 3 and 4 with supporting documentation

A firm that is at least 51 percent owned and controlled by one or more socially and economically disadvantaged individuals, or in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more socially and economically disadvantaged individuals; and whose management and daily business operations are controlled as defined herein, by one or more of the socially and economically disadvantaged individuals who own it; and which meets the size standards of 13 CFR Part 121; does not exceed the cap average specified in 49 CFR Part 26 §26.65; meets PNW requirements specified in 49 CFR Part 26 §26.67; and other relevant regulations.

Conditions of Application

THE EFFECTIVE DATE OF THE APPLICATION is the date when **ALL REQUIRED DOCUMENTATION** has been received, not the date of submission of an incomplete packet.

IT IS THE FULL RESPONSIBILITY OF THE APPLICANT to provide the SCTRCA with the most complete overview and details to demonstrate that his or her business meets the criteria as set forth by the SCTRCA, and to cooperate by making him/herself and documents available in a timely manner.

THE SCTRCA RESERVES THE RIGHT to require further information from the applicant prior to or during the certification process.

SUBMISSION OF THIS APPLICATION AND APPROPRIATE DOCUMENTS INDICATES that applicant understands and accepts the conditions of this application for participation in the SCTRCA certification program.

301 S. Frio, Suite 106 • San Antonio, Texas 78207 • (210) 227-4RCA (4722) • Fax (210) 227-5712

Revised 04/01sctrca

GENERAL INFORMATION

The SCTRCA hereby makes a rebuttal presumption that individuals in the following groups are socially and economically disadvantaged and reserves the right to determine, on a case-by-case basis, that individuals who are not members of the following groups are socially and economically disadvantaged:

Women

African American – persons having origins in any Black racial groups of Africa;

Hispanic American – persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese culture or origin, regardless of race;

Native American – persons who are American Indians, Eskimos, Aleuts, or native Hawaiians;

Asian Pacific American – person whose origins are from Burma, Thailand, Malaysia, Indonesia, Singapore, Brunei, Japan, China, Taiwan, Laos, Cambodia (Kampuchea), Vietnam, Korea, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific Islands (Republic of Paula), Republic of the Marshall Islands, Federated States of Micronesia, or the Commonwealth of the Northern Marinas Islands, Macao, Hong Kong, Fiji, Tuvalu or Nauru;

Asian-Indian American – persons whose origins are from India, Pakistan, Bangladesh, Sri Lanka, Bhutan, the Maldives Islands or Nepal;

Members of other groups found to be disadvantaged by the Small Business Administration (SBA) under Section (8) (a) of the Small Business Act or Small and Disadvantaged Business (SDB) program (except an SDB certification based on the firm's self-certification as an SDB).

All business, which have been certified by other DOT entities and the SBA under its programs may also be considered a socially and economically disadvantaged business by the SCTRCA upon completion of an affidavit with required documentation.

All participants must submit documentation to prove they fall into one of these categories.

DISADVANTAGED, MINORITY AND WOMAN BUSINESS ENTERPRISES

IT IS ESSENTIAL THAT the following documents, as applicable, accompany this application form. NOTE: IF ANY OF THE ITEMS DO NOT APPLY to your firm, please explain on a separate sheet. The effective date of the application is the date when ALL REQUIRED DOCUMENTATION has been received, not the date of submission of an incomplete packet.

A. ALL APPLICANTS must submit with attached affidavit:

- **Proof of citizenship / ethnicity status**
(Birth Certificate, U.S. Passport, Alien Resident Card, Certificate of Naturalization, Tribal Card , or I.D. card indicating membership into one of the presumptive groups, etc.)
- **Certificate to do business** (Assumed Name certificate, Partnership Agreement [including buy/out rights and profit sharing] Articles of Incorporation,)

B. ALL DBE APPLICANTS must also include with attached affidavit:

- Federal tax returns for the firm's three previous years
- Copy of bank signature card(s)
- Copy of rental or lease agreement
- List of 3 to 5 contracts/work orders completed/or received
- Current Personal Net Worth statement

FOR A CORPORATION; ADD:

- Certificate of incorporation
- Copy of corporate by-laws
- Copy of first and last corporate meeting minutes, and any minutes that affect ownership
- Copy of stock transfer ledger and stock register
- Copy of all issued and voided stock certificates (front and back)
- Proof of stock purchase/purchase options

DBE EXCEPTIONS:

A DBE firm with a **CURRENT** Texas D.O.T., City of Houston, Capital Metropolitan Transit Authority, Corpus Christi Regional Transit Authority, North Central Texas Regional Certification Agency, or Small Business Administration Section 8(a), or Small Disadvantaged Business certification;

Submit Only:

- Notarized Certification Affidavit
- Current certification letter
- Federal tax returns for the firm's previous year
- Letter indicating changes in ownership and/or management in your firm's last year of business
- Personal Net Worth statement (DBEs only)

DISCLOSURE POLICY:

THE SCTRCA MUST SAFEGUARD FROM DISCLOSURE TO UNAUTHORIZED PERSONS INFORMATION GATHERED AS PART OF THE CERTIFICATION PROCESS THAT MAY REASONABLY BE REGARDED AS PROPRIETARY OR OTHER CONFIDENTIAL INFORMATION, CONSISTENT WITH APPLICABLE FEDERAL AND STATE LAW.



Your unified certification source

CERTIFICATION AFFIDAVIT

SECTION -1: GENERAL INFORMATION

1. a. Business name : _____
b. Doing business as (if different): _____
c. Physical Address (Main Office): _____
Street Name / No. / City / State / Zip / County
d. Mailing Address (if different): _____
Street Name / P.O. Box No. / City / State / Zip / County
e. Phone: _____ Fax: _____
f. E-mail: _____ WEB: _____
g. Is this business organized for profit? ☐ Yes ☐ No
2. Owner's or Majority Owner's Full Name/Title/Sex/Race: _____
3. Tax Identification Number or Owner's Social Security Number (For Proprietors): _____

4. Indicate if this firm has ever received or been denied certification or participation as a D/M/WBE. Indicate the name of the certifying authority and the date of such certification or denial. **PLEASE ATTACH PROOF OF CERTIFICATION.**

Certifying Authority	Expire Date	Certification Yes/No	Reason Denied

5. Business Structure:
☐ Proprietorship ☐ Partnership ☐ Limited Partnership ☐ Corporation
☐ Limited Liability Corporation ☐ Franchise (provide copy of franchise agreement)
☐ Subsidiary- Name of parent company: _____

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Revised 10/00sctrca

6. Identify your major products/services offered (PROVIDE A SPECIFIC DESCRIPTION):

a. Provide six-digit NAICS or four-digit SIC code. (www.sctrca.org)

[illegible]

7. Date Company Established: / / Date Incorporated: / /

8. Does your firm share any resource(s) (office facilities, storage space, equipment or personnel) with any other firms or individuals? (Provide copy of rental or lease agreement only if applicable):

No ☐ Yes ☐ Explain: _____

9. What are the gross receipts of the firm for each of the last three years?

Year Ending	Dollar Gross Receipts	Number of Employees (Specify if Full, Part Time or Contract)

10. Name of Bonding Company (IF APPLICABLE): _____

Bonding Limit: _____

Source of Letters of Credit, if any: _____

11. Are you authorized to do business in the State as well as locally? (IF, YES PLEASE PROVIDE COPY(IES) WITH APPLICATION)

Yes ☐ No ☐

12. Company is applying for certification as a:

Small Business Enterprise (SBE) (Complete Sections 1 and 3)

Minority Business Enterprise (MBE) (Complete Sections 1, 2 and 3)

Woman Business Enterprise (WBE) (Complete Sections 1, 2 and 3)

Disadvantaged Business Enterprise (DBE) (Complete Sections 1, 2, 3 and 4)

Not requesting Certification, please add to general directory

(Complete Section 1)

SECTION -2: OWNERSHIP AND CONTROL

Race/Ethnic Codes: W-White/Caucasian B-Black/African American S-Hispanic American A-Asian Pacific American
O-Sub-Continent Asian American I-Native American Y-Disabled Individual

13. Please identify the firms' ownership:

	Name	Race/ Ethnicity	Sex	Years of Ownership	Ownership Percentage	Wkly Hours Worked	U.S. Citizen
A							
B							
C							

14. Date you acquired majority ownership of company: _____

15. Have there been any transfers in stock/ownership from a non-minority owner to a minority/female owner since company started? () No () Yes

Date of transfer: _____

Reason for transfer: _____

16. How was business started or acquired? List the initial contribution of money, financing source, equipment, real estate and type/years of expertise used to start business for each of the owners.

(Attach supportive documents e.g. loan agreements, initial bank statements, C.D.'s):

	Money (Dollars)	Financing Source	Equipment (Dollars)	Real Estate (Dollars)	Type/Years of Expertise
A					
B					
C					

17. Identify by name, race/ethnicity, sex and title of those individuals in the firm (including owners and non-owners) who are responsible for day-to-day management and policy decision-making, including, but not limited to those with prime responsibility for:

Area	Name	Race/ Ethnicity	Sex	Title
Financial Decisions				
Management Decisions				
Estimating				
Hiring/Firing of Management Personnel				
Purchasing of Major Items/Supplies				
Supervision of Field Operations				
Signing of Contracts				

18. For each of those listed in Question 13 and 16, on a separate sheet provide a business summary (or Resume) indicating number of years with the firm and the person's qualifications and education for assigned responsibilities.

19. List officers and directors of corporation.

Name/Title	Ethnicity	Sex	Years w/ company

20. Please list company and/or client reference below:

Company	Contact Person	Title	Telephone

21. List other businesses in which owner(s) has at least 10% ownership or owned as a majority stockholder:

Owner	Company	Title

22. Provide name of licensed individual(s) and type of license necessary for business (Submit copies of license(s) with application):

Name of License Holder	Type of License/Permit	No./Expiration

23. List and specify major office and field equipment leased.

24. Where is equipment located? _____
- _____

25. List sources of equipment rental/leases. _____
- _____

26. Suppliers only: What is the dollar value of your inventory: \$ _____
(Provide copies of written Manufacturers/Distributorship Agreements.)

27. Identify any owner or management official of the firm who is or has been an employee of another firm that has an ownership interest in or a present business relationship with the firm: _____
- _____

28. Does your firm have an agreement with any other business or person which relates to management or operation of your business? () No () Yes, please name and identify and attach a copy of any written agreement and/or explanation of any oral or intended agreement. (These include management, joint venture agreements and any other arrangements or contracts involving the provision services, (management consulting, purchasing and production assistance).

AFFIDAVIT

The undersigned swears that the foregoing statements, including the Personal Net Worth statement (if applicable), are true and correct and include all material information necessary to identify and explain the operation of **(Name of Firm)**

as well as the ownership thereof.

Further, the undersigned agrees to permit the SCTRCA and/or U.S. Department of Transportation (DOT) as part of this certification process and thereafter to interview owners, principals, and officers and employees and to audit and examine books, records and files of the above firm. Failure to comply with this provision could result in decertification or certification denial. Furthermore, any other public entities that are part of this agency reserve the right to reevaluate a firm's eligibility for certification.

If at any time DOT or the SCTRCA has reason to believe that any person or firm has willfully and knowingly provided incorrect information or made a false statement, the SCTRCA may refer the matter to General Counsel of the DOT or take other action pursuant to law. The General Counsel may initiate debarment procedures in accordance with 41 CFR 1-1.604 and 12-1.602 and/or refer the matter to the Department of Justice under 18 U.S.C. 1001 as the General Counsel deems appropriate.

The burden of proof of control and management of the business is on the applicant. The SCTRCA reserves the right to request any additional information deemed necessary to determine if a firm is certifiable. Failure to *cooperate* and/or provide requested information within the time specified is grounds for termination in the processing of your application for certification.

Name

Signature of Majority Owner

Title

Date

Corporate Seal (Where appropriate)

Date: _____ State of: _____ County of: _____
On this _____ day of _____ (Month) _____ (Year), before me appeared
(Name) _____ to me personally known,
who being duly sworn, did execute the foregoing affidavit and did state that he or
she was properly authorized by (name of firm)
_____ to execute the affidavit and did so as
his or her own free act/deed.

(Seal)

Notary Public

Commission Expires

PERSONAL NET WORTH STATEMENT

Complete this form for: (1) each socially disadvantaged proprietor, or (2) each socially disadvantaged limited and general partner whose combined interest totals 51% or more, or (3) each socially disadvantaged stockholder making up 51% or more of voting stock. An individual's Personal Net Worth includes only his or her own share of assets held jointly or as community property with the individual's spouse.

Name	Business Phone ()
Residence Address	Residence Phone ()
City, State & Zip Code	
Business Name of Applicant	
Spouse's Name	
Applicant's Date of Birth	
Spouse's Date of Birth	

ASSETS AS OF _____,
(Date) (Year)

ASSETS-EXCLUDE individual ownership interest in the applicant business and personal residence		
Asset	Description	Present Value (Omit Cents)
Retirement Accounts (SEP, Keogh, 401K, etc.)		\$
Automobile(s) (non business)		\$
Assets other than Real Estate and Publicly Traded Securities		\$

Securities Publicly Traded (If brokerage statements are attached leave blank)

No. Shares or Bond Amount	Securities Description	Registered Owner	Present Market Value
			\$
			\$
			\$

► **Real Estate Holdings** (Exclude Personal Residence) ◀

Property Type	Ownership Form	Ownership %	Property Address (City State & Zip)	Purchase Price/Date	Estimate Market Value
SF-Single Family	SP-Separate Property				
MF-Mult. Family	CP-Common Property				
L-Land/Acreage	JT-Joint Tenancy				
C-Comm/Industl.	TC-Tenants in Common				
A					\$
B					\$
C					\$
TOTAL ASSETS					\$

LIABILITIES		
Liability	Description	Amount
Balances owed on credit cards		\$
Balance owed on credit lines		\$
Total Revolving Credit		\$ Subtotal
Installment Account (auto)		\$
Installment Account (other)		\$
Total Installment Loans		\$ Subtotal
Mortgages on Real Estate	A	\$
(Except for personal residence)	B	\$
	C	\$
Liabilities other than Real Estate		\$
Mortgages		
TOTAL LIABILITIES		\$

NET WORTH (Total Assets minus Total Liabilities)	\$
---	----

Have you, the individual claiming disadvantaged status, transferred any assets within two (2) years, in full or in part, to a spouse or any other person or entity, including a trust? () YES () NO

If yes, complete the following information:

Date of Transfer _____
 To whom the assets were transferred _____
 Amount paid for the assets _____
 The market value of the assets at the time of transfer _____

The statements made in this Personal Net Worth Statement document are true and correct to the best of my knowledge. I further authorize the South Central Texas Regional Certification Agency to verify the accuracy of the statements made, to determine whether I meet the standards of economic disadvantage for participation as a DBE or FAA DBE in the SCTRCA Certification Program.

Signature	Title	SSN	Date
-----------	-------	-----	------

YOU MAY DUPLICATE FORM FOR EACH ADDITIONAL DISADVANTAGED OWNER

NOTARY (IF THIS IS AN ADDITIONAL COPY)

ATTACHMENT II

**Discretionary Contracts Disclosure
Form**

City of San Antonio
Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2

Attach additional sheets if space provided is not sufficient.

State Not Applicable for questions that do not apply.

*** This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.**

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract;

--

(2) the identity of any **business entity** that would be a party to the discretionary contract:

and the name of:

(A) any individual or business entity that would be a *subcontractor* on the discretionary contract;

--

(B) any individual or business entity that is known to be a *partner*, or a *parent* or *subsidiary business* entity, of any individual or business entity who would be a party to the discretionary contract;

--

(3) the identity of any **lobbyist** or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

--

Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question¹ as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature:	Title: Company:	Date:

¹ For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

**ATTACHMENT III
(SAMPLE CONTRACT)**

**GASB Statement No. 34 Implementation Assistance and
Audit Services Contract**

**GASB STATEMENT NO. 34 IMPLEMENTATION ASSISTANCE AND AUDIT
SERVICES CONTRACT**

(SAMPLE CONTRACT)

STATE OF TEXAS

COUNTY OF BEXAR

This Contract is made and entered into by and between the CITY OF SAN ANTONIO (hereinafter referred to as "CITY"), a Texas Municipal Corporation acting by and through its Acting Director of Finance, Milo Nitschke, pursuant to Ordinance No. XXXXX, passed and approved on XXXXX, and CERTIFIED PUBLIC ACCOUNTANTS (hereinafter referred to as "CONTRACTOR").

WHEREAS, Section 107 of the City of San Antonio City Charter requires that at the close of each fiscal year, an audit be performed on the CITY's financial records by an independent certified public accountant; and

WHEREAS, Chapter 103 of the Texas Local Government Code requires the CITY to have its records and accounts audited annually by an independent certified public accountant; and

WHEREAS, the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and the State of Texas Single Audit Circular contain certain audit and financial reporting requirements; and

WHEREAS, the CITY has gone through an extensive selection process and chosen entities (collectively referred to as "CPA Contractors") to collectively provide the services described herein for a five year period to include the required audits for the fiscal years ending September 30, 2002, 2003, 2004, 2005, and 2006.

WHEREAS, the CITY will execute Contracts containing the same terms and conditions, with all parties referred to as CPA Contractors, wherein each part is collectively and severally bound to provide the services contained in this Contract; **NOW THEREFORE:**

FOR VALUABLE CONSIDERATION, the parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described.

I. DEFINITIONS

- 1.1 For purposes of this Contract, the word "CONTRACTOR" as used herein shall refer to CERTIFIED PUBLIC ACCOUNTANTS.
- 1.2 For purposed of this Contract, the term "CPA Contractors" as used herein shall refer to firm(s), collectively, or any one or two of said named entities.

II. PROVISION OF SERVICES

- 2.1 It is acknowledged and understood that before the commencement of the provision of services described in Article III, CPA Contractors will execute an annual engagement letter with CITY establishing the scope of each CPA Contractor's responsibility for each year's Audit, the allocation of work to be performed as part of each Audit by CPA Contractor, and the portion of the total compensation for such Audits that CPA Contractor will be paid, consistent with the provisions contained in Article VII.
- 2.2 CITY and CONTRACTOR mutually agree that the engagement letter executed by CONTRACTOR shall become part of this Contract, in accordance with Article VIII, each time it is executed; and that this Contract, other contracts executed with the other CPA Contractors, and the engagement letters shall govern the agreement between the parties for the fiscal year noted in the engagement letters.
- 2.3 It is also understood and agreed that CONTRACTOR has been designated as the coordinator entity for the CPA Contractors. In this regard, the coordinator will serve as the point of contact for CITY in facilitating and administering the Contract.
- 2.4 CONTRACTOR, by executing the Contract, acknowledges the existence of other Contracts containing the same terms and conditions. CONTRACTOR, therefore, understands and agrees that no one CPA Contractor has the exclusive right to perform the services, either in whole or in part, listed in this Contract. Thereby, CITY reserves the right to request the services to be provided by one, two, or all three of CPA Contractors at any time.

III. SCOPE OF SERVICES

CPA Contractors, including but not limited to CONTRACTOR, in accordance with the annual engagement letter, shall provide the following services:

INDEPENDENT AUDIT SERVICES

- 3.1 CPA Contractors are to collectively audit the financial statements of CITY during the contract period and evaluate the fairness of presentation of the statements in conformity with generally accepted accounting principles. CONTRACTOR agrees to meet with the other CPA Contractors selected by CITY, to agree with such other CPA Contractors, on a cooperative audit plan acceptable to CITY permitting each CPA Contractor to participate in each annual Audit performed pursuant to the provisions contained in this Contract; to perform the work allocated to it under the engagement letter; and to evaluate and review the work performed by the other CPA Contractors to the extent necessary or desirable to permit it to issue its opinion or opinions required hereby. It is understood that this Audit will be conducted in accordance with generally accepted auditing standards, which will include a review of the system of internal controls and tests of transactions to the extent necessary. Accordingly, the Audit will not include a detailed audit of transactions to the extent, which would be required if intended to disclose defalcations or other irregularities,

although the possibility exists that such discovery may result. The San Antonio Water System, the City Public Service Board, San Antonio Fire and Police Pension Fund, and certain other component units of CITY are audited by other auditors. These component units which currently are or those which may be included in the future with the application of GASB 14 "the Financial Reporting Entity," are included in the scope of work to be performed hereunder but limited only to their respective incorporation into CITY's Comprehensive Annual Financial Report.

- 3.2 CPA Contractors agree to perform in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, the State of Texas Single Audit Circular and any other authoritative pronouncements which may be deemed applicable. Those standards require that CPA Contractors plan and perform the Audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. The objective of this audit is the expression of an opinion of CPA Contractors, including but not limited to CONTRACTOR, or in the event such an opinion is not practicable, consistent with prevailing law, regulation, rule and/or professional standards issued by the American Institute of Certified Public Accountants or the Texas State Board of Public Accountancy ("Professional Standards"), as evidenced by a letter drafted and issued by CONTRACTOR's legal counsel, the American Institute of Certified Public Accountants or the Texas State Board of Public Accountancy, that CONTRACTOR is unable, because of a certain Professional Standard identified in said letter, to issue an opinion jointly with other CPA Contractors, the expression of an individual and separate opinion by CONTRACTOR, in accordance with the provisions of this Contract. The wording of the Audit opinion will, of course, be dependent on the facts and circumstances at the date of the reports. If the opinion will be other than unqualified, the reasons therefore will be fully disclosed. The opinion will be signed by CPA Contractors who will assume responsibility both jointly and severally, for the audit of the financial statements of CITY.
- 3.3 CITY agrees that it will maintain at least its present degree of conformance to the standards of the Governmental Accounting Standards Board pertaining to internal controls, and the recording of financial transactions, and that the contract price for the Audits by CPA Contractors as quoted in Article VII, is predicated upon this conformance. CITY agrees that the detailed annual financial statements and notes to such statements will be prepared by its Department of Finance as nearly as practical in accordance with the form outlined in "Governmental Accounting, Auditing, and Financial Reporting" published by the National Committee on such financial statements, and any supplemental schedules which it prepares will be submitted and provided to the CPA Contractors in sufficient time (as completed) for full reconciliation with CPA Contractor's findings, and to facilitate publication of CITY's Comprehensive Annual Financial Report (CAFR) within approximately 120 days after the close of each fiscal year. Responsibility for the proper recording of transactions

into the books of account, and for the accuracy of the financial statements, which are the representations of management, are with CITY.

- 3.4 CITY shall have completed and balanced all accounts and have prepared financial statements and schedules for all funds, and account groups to be audited by the CPA Contractors and shall provide CPA Contractors with working space deemed adequate by CPA Contractors for efficient conduct of the audit. CITY shall provide CPA Contractors for its use and retention, with copies of these financial statements and schedules and shall provide CPA Contractors with trial balances of the various funds and account groups in a form acceptable to CPA Contractors.
- 3.5 The Comprehensive Annual Financial Report will be completed and available for distribution within approximately 120 days of CITY's fiscal year end of September 30. The "Management Letter" and "Single Audit Reports" will be completed and available for distribution within a reasonable period of time after completion of the Comprehensive Annual Financial Report (CAFR).
- 3.6 CONTRACTOR understands and agrees that other provisions to the contrary notwithstanding, CITY requires the issuance of a joint opinion by CPA Contractors and that CITY will only accept singular opinion from CONTRACTOR in the event it is determined, in accordance with the provisions of subsections 3.2 and 10.7, that CONTRACTOR is unable to issue an opinion.
- 3.7 On an annual basis during the term of the Contract, CPA Contractors will provide twenty-four (24) hours of continuing professional education training to CITY's professional accounting and internal audit staff. This training will be required to be certified by the Texas State Board of Public Accountancy and will be based on mutually agreed upon topics. This service is considered a part of the fee structure for the independent audit.

GASB STATEMENT NO. 34 IMPLEMENTATION ASSISTANCE

- 3.8 CITY will be required to implement GASB Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" and any related statements on October 1, 2001. CITY has performed an analysis of the pronouncement and has developed a task statement and timeline for its implementation. The Finance Department staff is analyzing the CITY's current financial reporting model and comparing that to the GASB's new requirements. Each key task to be accomplished will be documented and compiled in written form for CONTRACTOR's review, concurrence, and acceptance. Review will include, but is not limited to such items as the classification of program revenue versus general revenues; accounting estimates, such as those for compensated absences and asset depreciation lives; and proper classification of current funds (enterprise versus special revenue, etc.). CONTRACTOR will be required to review policies and procedures that are currently being developed such as the CITY's fixed assets and accounts receivable policies. CONTRACTOR will assist the CITY in identifying issues relating to the retroactive infrastructure reporting not including inventory and valuation services. CONTRACTOR selected shall recommend any additional key tasks or policies that should be addressed to achieve proper implementation for GASB Statement No. 34.

- 3.9 CONTRACTOR will provide answers to questions arising from CITY's review and analysis of GASB Statement No. 34 requirements, and questions which may arise that require technical interpretation and implementation assistance. These questions will be submitted to CONTRACTOR in writing for evaluation. CITY will upon acceptance and concurrence by the CONTRACTOR of the CITY's task statement and methodology, will restate the fiscal year 2000 CAFR to conform to the GASB Statement No. 34 requirements. Restated CAFR (the "mock CAFR") will consist of government-wide statements, fund statements, management discussion and analysis, footnotes to the financial statements, and required supplementary information that is required under GASB Statement No. 34 and related statements. CONTRACTOR will review the financial statement presentation, footnotes to the financial statements, required supplementary information, and management discussion and analysis to ensure that financial reports adhere to GASB standards. CONTRACTOR will submit to CITY in writing all changes suggested in order to ensure compliance. The "mock CAFR" will be used as a model for the future year's CAFRs.

IV. CONTINGENT ADDITIONAL SERVICES

- 4.1 CONTRACTOR acknowledges that the services listed below were identified in the Request for Proposal under "Other Services" as those additional services which the CITY may request CONTRACTOR to provide. If requested, CONTRACTOR shall provide said service(s) under the same terms and conditions of this Contract, save and except those provisions specifically revised by the Acting Director of Finance in the forwarded request (subsection 4.2).
- 4.2 CITY will effect such a request for contingent additional services by forwarding a written request, executed by the Acting Director of Finance or his designee, to the CONTRACTOR at its respective address provided herein. Within said request, the Acting Director of Finance shall state the scope of services CONTRACTOR shall provide; the period of time within which said services are to be completed; and the consideration to be paid by CITY for the services provided, in accordance with subsection 7.8. The coordinator entity shall notify CITY as to which entity or entities will provide the contingent additional service. Provided however, if CITY, at its discretion, designates the entity or entities to provide said contingent additional services, the request for the provision of contingent additional services shall be forwarded directly to that designated entity or entities.
- 4.3 The entity or entities designated agree to provide the following services at the request of the CITY:
- 4.3.1 Guidance on tax, compliance, or other non-audit consultation matters.
 - 4.3.2 Assistance with the preparation of aspects of the annual report or the analysis of new accounting standards or pronouncements.
 - 4.3.3 Advisory or consultant services to assist in the resolution of audit findings and questioned costs reported by Federal and State Agencies.

4.3.4 Other services which may be required for a CITY bond offering.

V. QUALITY CONTROL REVIEWS

- 5.1 Pursuant to Government Auditing Standards, CONTRACTOR is required to make certain work papers available to federal regulatory agencies upon request, for their reviews of audit quality and use by their auditors. Access to the requested work papers will be provided to the regulators under supervision of CONTRACTOR'S personnel. CITY shall be notified immediately by CONTRACTOR in the event of any such request. Costs incurred by CONTRACTOR related to such review of audit quality will not be reimbursed by CITY. To the extent such work papers are used by the regulators for purposes other than reviews of audit quality and/or to the extent that regulators or grantors request additional procedures beyond the requirements of the Single Audit Act, CONTRACTOR will notify and discuss such request with CITY prior to any costs being incurred by CONTRACTOR. Any such costs agreed to be reimbursed by CITY will be based on fees negotiated on an individual engagement basis.

VI. TERM AND COMMENCEMENT OF WORK

- 6.1 The term of this Contract shall be from November 30, 2001 through September 30, 2006 and shall include the audits of the CITY's records and accounts for the fiscal years ending September 30, 2002, 2003, 2004, 2005, and 2006 unless earlier termination shall occur pursuant to any of the provisions of this Contract. Continuation of this Contract beyond the first year and each and every year thereafter is subject to and contingent upon an annual appropriation of funds by City Council.
- 6.2 In the event CITY requests CPA Contractors to provide the contingent additional services set out in Section IV, the commencement and termination dates shall be established in the written request from the Acting Director of Finance.

VII. CONTRACT PRICING AND BILLING

- 7.1 The total of all payments and other obligations made and incurred by CITY hereunder, in performance of the services provided for in Article III and IV for fiscal year 2002 shall not exceed the amount of \$XX; for fiscal year 2003 shall not exceed the amount of \$XX; and for fiscal year 2004 shall not exceed the amount of \$XX, for fiscal year 2005 shall not exceed \$XX and for fiscal year 2006 shall not exceed \$XX. Such fees being predicated on the expectation that the Finance Department of the CITY will provide the preparation of the annual financial reports and statements, and supporting work papers and schedules at a comparable level with prior years, and that the Office of Internal Review will provide XX hours of assistance to the annual audit process.
- 7.2 It is understood and agreed by the parties hereto that while the total fee for the services required by Article III under this Contract for the Audit of fiscal years 2002 shall not exceed \$XX, it is understood that this sum will be paid individually, as follows:

- 7.3 It is understood and agreed by the parties hereto that while the total fee for the services contained in Article III under this Contract for the Audit of fiscal year 2003 shall not exceed \$XX, it is understood that this sum will be paid individually as follows:
- 7.4 It is understood and agreed by the parties hereto that while the total fee for the services contained in Article III under this Contract for the Audit of fiscal year 2004 shall not exceed \$XX, it is understood that this sum will be paid individually as follows:
- 7.5 It is understood and agreed by the parties hereto that while the total fee for the services contained in Article III under this Contract for the Audit of fiscal year 2005 shall not exceed \$XX, it is understood that this sum will be paid individually as follows:
- 7.6 It is understood and agreed by the parties hereto that while the total fee for the services contained in Article III under this Contract for the Audit of fiscal year 2006 shall not exceed \$XX, it is understood that this sum will be paid individually as follows:
- 7.7 Subject to subsections 7.1 through 7.6, CONTRACTOR agrees that all CONTRACTOR labor, supervision of work, report reproduction, typing, travel, insurance, communication, computer access, materials, supplies, subcontractor costs, if any, and all other CONTRACTOR expenses necessary to complete the services stated herein shall be borne at CONTRACTOR's sole cost and expense.
- 7.8 Progress billings for the annual fees established herein, subsections 7.1 through 7.6, will be rendered by the CONTRACTOR to the CITY and detailed as to the amount due each of the CONTRACTOR parties. Upon receipt of such billing statements, the amount due will be paid by the CITY as specified on such statements. However, CITY will retain ten percent (10%) of the total annual fee, until the CITY's Comprehensive Annual Financial Report, Single Audit Reports, and Management Letter have been completed. Funds for the payment of such fees shall be derived from the "Professional Fees-Outside Audit" line item, in the General Fund, Non-Departmental, Non-Operating budget of the CITY.
- 7.9 In the event that the CITY does not provide assistance as provided for in subsection 7.1, or other similar extenuating circumstances are encountered, as to materially alter the performance and scope of work hereunder, it may be necessary for CONTRACTOR to consider the issuance of a settlement statement which details and compares the actual work performed against the original audit plan. However, in no instance will the CITY make any payment for the services provided for in Article III in excess of the annual amounts of \$XX as stated for each fiscal year established in subsections 7.1 through 7.6 without formal written revision of this Contract and related City Council approval.
- 7.10 Payments for contingent additional services provided in accordance with Article IV, payments for any costs to be reimbursed by CITY in accordance with Article V, and payments for any additional work required in accordance with subsection 10.5.1 or 10.7.1, will be based on fees negotiated on an individual engagement basis. CONTRACTOR(S), as the entity designated to provide said services shall prepare and submit a billing statement to CITY specifying the scope of work performed and amount due. Upon receipt of the billing statement, CITY will review and if in compliance with the established fees, pay the amount

specified due on such statement to the appropriate entity.

VIII. INCORPORATION BY REFERENCE

- 8.1 The engagement letter executed by CITY and CONTRACTOR, attached hereto as Exhibit A, is hereby incorporated into this Contract and specifically made a part hereof as though it is fully set out herein.
- 8.2 The parties hereto acknowledge and agree that prior to the commencement of the 2002, 2003, 2004, 2005, and 2006 Audits herein required, CITY and CONTRACTOR will execute a new engagement letter for the upcoming fiscal year. That engagement letter, once executed, shall be incorporated herein for that next fiscal year and shall supersede the previously attached engagement letter.
- 8.3 In the event of a conflict or inconsistency between the terms of this Contract and the provisions of any of the engagement letters ultimately attached hereto as Exhibit A, the terms of this Contract shall govern and prevail.

IX. RECORDS

- 9.1 CONTRACTOR and its subcontractors, if any, shall properly, accurately and completely maintain all documents, papers, and records, and other evidence pertaining to the services rendered hereunder, save and except for preliminary scratch and sketch documentation, and shall make such materials available to the CITY at their respective offices, with reasonable notice by the CITY, at all reasonable times and as often as CITY may deem necessary during the contract period, including any extension or renewal hereof, for purposes of inspection, examination, and making excerpts or copies of same by CITY and any of its authorized representatives.
- 9.2 CONTRACTOR shall retain any and all documents produced as a result of services provided hereunder for a period of three (3) years from the date of termination of the Contract. If at the end of three (3) years there is litigation or other questions arising from, involving or concerning this documentation or the services provided hereunder, CONTRACTOR shall retain the records until the resolution of such litigation or other such questions.
- 9.3 CITY shall be notified immediately by CONTRACTOR in the event of any requests for information by a third party received by CONTRACTOR which pertain to the documentation and records referenced in subsections 9.1 and 9.2. As such, CONTRACTOR understands and agrees that CITY will process and handle all such requests.

X. TERMINATION

- 10.1 For purposes of this Contract, "termination" of this Contract shall mean termination by completion of the provision of services required herein or earlier termination pursuant to any of the provisions hereof.

10.2 Other provisions of this Contract notwithstanding, CITY may terminate this Contract as to CONTRACTOR in accordance with this clause, in whole or in part, for any of the following

10.2.1 Neglect or failure by CONTRACTOR to perform or observe any of the terms, conditions, covenants or guarantees of this Contract or of any amendment between CITY and CONTRACTOR or

10.2.2 Violation by CONTRACTOR of any rule, regulation or law to which CONTRACTOR is bound or shall be bound by terms of this Contract.

10.2.3 Termination may arise as result of the CITY giving at least thirty (30) days written notice prior to the effective date of termination as stated in this Contract. The CITY shall also have the right to terminate this Contract or any portion thereof for convenience upon thirty (30) days notice. If CITY elects to terminate for convenience as described, the CITY shall pay CONTRACTOR(S) for services rendered up to and including date of termination.

10.3 Subsection 10.2 notwithstanding, in the event that any such neglect or failure to perform or observe terms, conditions, covenants, or guarantees occurs, CITY shall give written notice to CONTRACTOR and allow CONTRACTOR ten (10) days from the date of such notice to cure the neglect or failure. If the noted deficiencies are not remedied within the allotted time and to the satisfaction of the CITY, the CITY may proceed with the termination of CONTRACTOR.

10.4 Upon a decision to terminate by CITY, written-notice of such shall be immediately provided to CONTRACTOR specifying the basis for said termination, the effective date of termination, and the extent to which performance of work under this Contract will be terminated. A copy of said notice shall be provided, for informational purposes only, by CITY to the remaining CPA Contractors, by hand or facsimile, as soon as practicable.

10.4.1 Upon receipt of a notice to terminate, all finished or unfinished documents, data, charts, schedules, or other appended documentation to, prepared by or on behalf of CONTRACTOR under this Contract, save and except for preliminary scratch, and sketch documentation, shall at the option of CITY, and in accordance hereof, be accessible to the CITY as provided in Article IX.

10.4.2 Within thirty (30) days of the effective date of termination CONTRACTOR shall submit to CITY its claim in detail for any monies owed by CITY for services performed under this Contract, including all work performed by CONTRACTOR required by the provisions of this Contract to the date of notice and for any necessary and proper work performed in the ensuing thirty day period, to be determined after discussion with CITY, provided however, that such payment does not exceed the maximum amount set out in subsections 7.1 through 7.6.

10.5 In the event CITY terminates any other CPA Contractor under the contract between them, CITY shall deliver a copy of said notice to CONTRACTOR for informational purposes only, by hand or facsimile, as soon as practicable.

10.5.1 In the event of such termination (subsection 10.5), CITY and CONTRACTOR shall meet within ten (10) days of the effective date of termination specified in the notice of termination and shall agree to complete the services required herein with any remaining CPA Contractors. CITY and the remaining CPA Contractors shall execute a new engagement letter redefining the roles and tasks of CPA Contractors. To the extent termination of other CPA Contractors results in additional work for the remaining CPA Contractors in order to complete the services required herein, CITY and CPA Contractors agree in good faith to renegotiate fees, which agreement shall be reflected in the new engagement letter. Said new engagement letter shall supersede any previously executed engagement letter.

10.5.2 In the event CITY and CONTRACTOR are unable or fail to agree on any issue the subject of the renegotiations cited in 10.5.1 within ten (10) days of said renegotiations meeting, CITY may terminate this CONTRACT upon giving written notice in accordance with Article XXII. In the event of any such termination, CITY and CONTRACTOR shall proceed in accordance with subsections 10.4, 10.4.1 and 10.4.2.

10.5.3 If CITY chooses, as a result of any such termination (subsection 10.5), to select and hire another Certified Public Accountant or Certified Accounting firm or firms, other than the remaining CPA Contractors, CITY agrees to coordinate said selection with CONTRACTOR. However, the final selection and hiring of said CPA, CPA firm or firms shall be at the CITY's sole discretion.

10.6 In the event CONTRACTOR is unable to issue a joint opinion with either or both of the other CPA Contractors because of a certain prevailing law, regulation, rule and/or professional standards issued by the American Institute of Certified Public Accountants or the Texas State Board of Public Accountancy ("Professional Standards"), as evidenced by and in a letter drafted and issued by CONTRACTOR's legal counsel, the American Institute of Certified Public Accountants or the Texas State Board of Public Accountancy, CITY shall have the right to obtain separate and singular opinions from CONTRACTOR; and CONTRACTOR shall issue separate and singular opinions.

10.6.1 In the event CITY decides to obtain separate and singular opinions from CONTRACTOR, and CONTRACTOR is unable to rely on the work provided by one or both of the other CPA Contractors or if CONTRACTOR'S issuing its separate opinions results in additional work, CITY and CONTRACTOR agree, in good faith, to renegotiate fees and services to be performed in order to complete the separate opinions. Said agreements shall be reflected in a new engagement letter which shall supersede any previously executed engagement letter.

10.6.2 In the event CITY and CONTRACTOR are unable or fail to agree on any issue the subject of the renegotiations cited in 10.6.1 within ten (10) days of said renegotiations meeting CITY may terminate this Contract upon giving written notice in accordance with Article XXII. In the event of any such termination, CITY and CONTRACTOR shall proceed in accordance with subsections 10.4, 10.4.1 and 10.4.2.

10.7 The parties understand and agree that in the event CITY terminates any CPA Contractors other than CONTRACTOR, all references to "CPA Contractor(s)" contained herein shall thereafter refer to CONTRACTOR and any other remaining CPA Contractor.

XI. SUBCONTRACTING

11.1 Any other clause of this Contract to the contrary notwithstanding, none of the work or services covered by this Contract, shall be subcontracted without the prior approval of CITY, and, unless specific waiver is granted in writing by CITY, such subcontracted work shall be subject by its terms to all provisions of this Contract. Compliance by subcontractors with this Contract shall be the responsibility of CONTRACTOR.

XII. ASSIGNABILITY

12.1 It is CITY's understanding, and CONTRACTOR hereby acknowledges, that during the term of this Contract, CONTRACTOR proposes to combine with another national accounting firm. CITY hereby expressly consents to the assignment of CONTRACTOR's interest in this Contract to any successor of CONTRACTOR(S) which may result from such a combination.

12.2 The provisions of 12.1 notwithstanding, **CONTRACTOR** shall not assign any interest in this Contract to any other party without the prior written consent of CITY.

XIII. CONFLICT OF INTEREST

13.1 CONTRACTOR acknowledges that it is informed that the City of San Antonio CITY Charter prohibits contracts between the CONTRACTOR and any local public official, such as a CITY officer or employee, and that the prohibition extends to an officer and employee of CITY agencies such as CITY-owned utilities and CITY boards and commissions, and to contracts involving a business entity in which the official has a substantial interest, as defined by Texas law, if it is reasonably foreseeable that an action on the matter would confer an economic benefit on the business entity. CONTRACTOR certifies, and this Contract is made in reliance thereon, that neither it, its individual officers, employees or agents, nor any person having a substantial interest in this Contract or the financial affairs of the CITY government is an officer or employee of the CITY or any of its agencies. CONTRACTOR warrants that it has tendered to CITY a Disclosure Statement in compliance with the CITY's Ethics Ordinance.

- 13.2 CONTRACTOR acknowledges that from time to time CITY releases Request for Proposals or other solicitations. CONTRACTOR agrees that to the extent practicable, in the event it chooses to submit a proposal in response to any of CITY's solicitations, it will notify CITY of said submittal, in writing, in accordance with Article XXII.

XIV. COMPLIANCE

- 14.1 CONTRACTOR shall comply with the independence standards promulgated by the American Institute of Certified Public Accountants and any other standard related to independence promulgated by any other authoritative body, as applicable to the services provided hereunder.
- 14.2 CONTRACTOR shall comply with any and all other applicable standards promulgated by the American Institute of Certified Public Accountants and by any other authoritative body, as applicable to the services provided herein, while in the performance of the services hereunder.
- 14.3 CONTRACTOR shall comply with all federal, state and local laws, rules and regulations applicable to the services provided hereunder, including but not limited to the Single Audit Act Amendments of 1996, OMB Circular A-1 33, the State of Texas Single Audit Circular, Chapter 103 of the Texas Local Government Code, and Section 107 of the San Antonio CITY Charter.

XV. INSURANCE

- 15.1 Prior to execution of this Contract, CONTRACTOR shall furnish a completed Certificate of Insurance to the Finance Department, Attention: Milo Nitschke, P. O. Box 839966, San Antonio, Texas 78283-3966, which shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limit and termination provision shown thereon, and which shall furnish and contain all required information referenced or indicated thereon. CITY shall have no duty to pay or perform under this CONTRACT until such certificate has been delivered and no officer or employee other than the CITY's Risk Manager shall have authority to waive this requirement.
- 15.2 CITY reserves the right to review the insurance requirement of this section during the effective period of the Contract and to amend insurance coverage and its limit when deemed necessary and prudent by the Risk Management Division based upon changes in statutory law, court decisions or the claims history of the industry, as well as the CONTRACTOR and in no instance will the CITY allow modification whereupon the CITY may incur increased risk.
- 15.3 CONTRACTOR shall procure, pay for and maintain insurance for the term of this Contract, including any extensions or renewals hereof, with companies authorized or admitted to do business in the State of Texas, and rated A- or better by A. M. Best Co. and/or otherwise acceptable to CITY in the following type/amount:

<u>TYPE</u>	<u>AMOUNT</u>
Business Automobile Liability	Combined Single Limit \$1,000,000 per occurrence
Owned/leased vehicles	
Non-owned vehicles	
Hired vehicles	

Commercial General (Public) Liability Insurance to include coverage for the following:

Contractual Liability	Bodily injury and property damage of
Premises/Operations	\$1,000,000 per occurrence with a
Personal/Advertising	\$2,000,000 general aggregate or its
Injury Liability	equivalent in umbrella or excess
Products/Completed	liability coverage.
Operations	
Independent Contractors	

Workers' Compensation and Employer's Liability

Workers' Compensation	Statutory
Employer's Liability	\$1,000,000/\$1,000,000/\$1,000,000
Professional Liability	\$1,000,000.00 per claim to pay on
(Claims made form)	behalf of the insured all sums which
	the insured shall become legally obligated
	to pay as damages by reason of any act,
	malpractice, error or omission in
	professional services. occurrence

15.4 The insurance policy required by this Contract shall contain the following clauses:

"This insurance shall not be canceled limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the Acting Director of Finance, CITY of San Antonio."

"It is agreed that any insurance or self-insurance maintained by the CITY of San Antonio shall apply in excess of and not contribute with insurance provided by this policy."

XVI. INDEMNITY

16.1 The FIRM(S) covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS the CITY and the elected officials, employees, officers, directors, volunteers, and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, or death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to the FIRM(S) activities under this CONTRACT, including any acts or omissions of the FIRM(S), any agent, officer, director, representative, employee,

consultant or subcontractor of the FIRM(S), and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this CONTRACT, all without however, waiving any governmental immunity available to the CITY under Texas Law and without waiving any defenses of the parties under Texas Law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTION, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES OF CITY UNDER THE CONTRACT. The provisions of this INDEMNITY are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity. FIRM(S) shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or the FIRM(S) known to the FIRM(S) related to or arising out of the FIRM(S) activities under this CONTRACT and shall see to the investigation and defense of such claim or demand at the FIRM(S) cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving the FIRM(S) of any of its obligations under this paragraph.

It is the EXPRESS INTENT of the parties to this CONTRACT, that the INDEMNITY provided for in this section is an INDEMNITY extended by the FIRM(S) to INDEMNIFY, PROTECT and HOLD HARMLESS, the CITY from the consequences of the CITY'S OWN NEGLIGENCE, provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of the CITY is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of the CITY is the sole cause of the resultant injury, death, or damage. The FIRM (S) further AGREES TO DEFEND, AT ITS OWN EXPENSE, and ON BEHALF OF THE CITY AND IN THE NAME OF THE CITY, any claim or litigation brought against the CITY and its elected officials, employees, officers, directors, volunteers, and representatives, in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

It is further covenanted and agreed that such indemnity shall apply even where such costs, claims, liens, damages, losses, expenses, fees, fines, penalties, actions, demands, causes of action, liability and/or suits arise in any part from the negligence of City, the elected officials, employees, officers, directors, volunteers, and representative of the City under this Contract.

XVII. INDEPENDENT CONTRACTOR

- 17.1 It is expressly understood and agreed that the CONTRACTOR provides services as an independent CONTRACTOR responsible for its respective acts or omissions and that CITY shall in no way be responsible therefor. Neither party hereto has authority to bind the other or to hold out to third parties that it has the authority to bind the other.

XVIII. CHANGES AND AMENDMENTS

- 18.1 Except where the terms of this Contract expressly provide otherwise, any alterations, additions, or deletions to the terms hereof, shall be effected by amendment, in writing, executed by both CITY and CONTRACTOR, and subject to approval by the CITY of San Antonio CITY Council, evidenced by passage of an ordinance.
- 18.2 The parties hereto understand and agree that the request by the CITY to provide additional services as listed in Article IV is not an amendment to the provisions of this Contract.
- 18.3 It is understood and agreed by the parties hereto that changes in local, state and federal rules, regulations or laws applicable hereto may occur during the term of this Contract and that any such changes shall be automatically incorporated into this Contract without written amendment hereto, and shall become a part hereof as of the effective date of the rule, regulation or law.

XIX. LICENSES/CERTIFICATIONS

- 19.1 CONTRACTOR warrants and certifies that CONTRACTOR and any other person designated to provide services hereunder has the requisite training, license and/or certification to provide said services, and meets all competence standards promulgated by all other authoritative bodies, as applicable to the services provided herein.

XX. OTHER AGREEMENTS

- 20.1 It is acknowledged and understood by the parties hereto that simultaneously with the execution of this Contract, two other such contracts will be executed by and with the remaining CPA Contractors. As such, all three Contracts, the authorizing ordinance and any Exhibits to the Contracts constitute the final and entire agreement between CITY and CPA Contractors and contain all of the terms and conditions agreed upon. It is also acknowledged and understood that at the inception of each annual audit, an engagement letter consistent with the provisions of this contract shall be executed by CITY and CONTRACTOR (or each CPA Contractor).

XXI. SEVERABILITY

- 21.1 If any clause or provision of this Contract is held invalid, illegal or unenforceable under present or future federal, state or local laws, including but not limited to the CITY Charter, CITY Code, or ordinances of the CITY of San Antonio, Texas, then and in that event it is the intention of the parties hereto that such invalidity, illegality or unenforceability shall not affect any other clause or provision hereof and that the remainder of this Contract shall be construed as if such invalid, illegal or unenforceable clause or provision was never contained herein; it is also the intention of the parties hereto that in lieu of each clause or provision of this Contract that is invalid, illegal, or unenforceable, there be added as a part of the Contract a clause or provision as similar in terms to such invalid, illegal or unenforceable clause or provision as may be possible, legal, valid and enforceable.

XXII. NOTICES

- 22.1 For purposes of this Contract, all official communications and notices among the parties shall be deemed sufficient if in writing and mailed, certified mail, postage prepaid, to the addresses set forth below:

City of San Antonio
Attn: Milo Nitschke, Acting Director of Finance
P. O. Box 839966
San Antonio, Texas 78283-3966

XXIII. LAW APPLICABLE

- 23.1 This contract shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Bexar County, Texas.
- 23.2 Any legal action or proceeding brought or maintained, directly or indirectly, as a result of this Contract shall be heard and determined in the City of San Antonio, County of Bexar, Texas.

XXIV. LEGAL AUTHORITY

- 24.1 The signer of this Contract for CONTRACTOR represents, warrants, assures and guarantees that he has full legal authority to execute this Contract on behalf of CONTRACTOR and to bind CONTRACTOR to all of the terms, conditions, provisions and obligations herein contained.

XXV. PARTIES BOUND

- 25.1 This Contract shall be binding on and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, and successors, except as otherwise expressly provided for herein.

XXVI. GENDER

- 26.1 Words of any gender used in this Contract shall be held and construed to include any other gender.

XXVII. CAPTIONS

- 27.1 The captions contained in this Contract are for convenience of reference only, and in no way limit or enlarge the terms and/or conditions of this Contract.

EXECUTED and AGREED to this the _____ day of _____, 2001

CITY:
CITY OF SAN ANTONIO

CONTRACTOR
FIRM NAME

Milo Nitschke
Acting Director
Finance Department

Signature

Approved as to form:

Frank J. Garza
City Attorney